

REFERENCE TITLE: education accountability; crisis teams; receivership

State of Arizona
House of Representatives
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2008

HB 2469

Introduced by
Representatives Nelson, Crandall, Crump, Tobin: Anderson, Burns J, Garcia
M, McGuire, Rios P, Yarbrough

AN ACT

AMENDING SECTION 15-103, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-107; AMENDING SECTIONS 15-272, 15-304, 15-341, 15-422 AND 23-355, ARIZONA REVISED STATUTES; REPEALING LAWS 2005, CHAPTER 274, SECTION 2, AS AMENDED BY LAWS 2007, CHAPTER 234, SECTION 2; REPEALING LAWS 2005, CHAPTER 274, SECTION 3, AS AMENDED BY LAWS 2007, CHAPTER 234, SECTION 3; AMENDING LAWS 2007, CHAPTER 234, SECTION 5; AMENDING LAWS 2007, CHAPTER 238, SECTION 1; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-103, Arizona Revised Statutes, is amended to
3 read:
4 15-103. School districts; financial mismanagement;
5 intervention; receivership; violation;
6 classification; definitions
7 A. The state board of education shall CONDUCT A PUBLIC MEETING WITHIN
8 FORTY-FIVE DAYS AFTER THE RECEIPT OF ALLEGATIONS OF SCHOOL DISTRICT
9 INSOLVENCY OR GROSS MISMANAGEMENT TO review THE allegations ~~of school~~
10 ~~district insolvency and gross mismanagement~~ AND DETERMINE WHETHER THE SCHOOL
11 DISTRICT IS INSOLVENT OR HAS GROSSLY MISMANAGED ITS FINANCES. The state
12 board shall give the school district an opportunity to respond to these
13 allegations at a public meeting. If the state board determines that the
14 school district is insolvent or has grossly mismanaged its finances, the
15 state board shall appoint a receiver for that school district.
16 B. The state board shall find a school district insolvent if it finds
17 one or more of the following:
18 1. The school district is unable to pay debts as they fall due or in
19 the usual course of business.
20 2. The salaries of any teachers or other employees have remained
21 unpaid for AT LEAST forty-five days.
22 3. The tuition due another school district or other state institution
23 remains unpaid on or after January 1 of the year following the school year it
24 was due and there is no dispute regarding the validity or amount of the
25 claim.
26 4. The school district has defaulted in payment of its bonds or
27 interest on bonds or in payment of rentals due any state or federal authority
28 or private business for a period of sixty calendar days and no action has
29 been initiated within that period of time to make payment.
30 5. The school district has contracted for any loan not authorized by
31 law.
32 6. The school district has ~~accumulated and has operated with a deficit~~
33 ~~equal to five per cent or more of the school district's revenue control limit~~
34 ~~for any fiscal year within the past two fiscal years~~ COMMITTED AN
35 OVEREXPENDITURE AS DEFINED IN SECTION 15-107.
36 7. The school district's warrants have not been honored for payment by
37 the school district's servicing bank or by the county treasurer and the
38 warrants have remained unpaid for a period of more than sixty calendar days.
39 C. No school district shall be deemed to be insolvent pursuant to
40 subsection B of this section if the circumstances are the result of the
41 failure of the state to make any payments of monies due the school district
42 at the time payment is due.
43 D. The state board of education shall have jurisdiction over all
44 petitions requesting that a school district be placed in receivership and a
45 receiver be appointed because of the school district's alleged insolvency or

1 gross mismanagement. The state board shall have the burden of demonstrating
2 by a preponderance of the evidence that the school district is insolvent or
3 is engaged in gross mismanagement.

4 E. If the state board of education finds that the school district is
5 insolvent or has engaged in gross mismanagement, the state board shall place
6 the school district in receivership and appoint a receiver recommended by the
7 state board. The state board shall develop and adopt a list of qualified
8 receivers to be appointed by the board.

9 F. On appointment, the receiver shall begin a full review and
10 investigation of the school district's financial affairs and submit to the
11 state board of education a detailed report listing the findings of that
12 investigation that shall include a financial improvement plan and budget that
13 details how the school district will eliminate any continued gross financial
14 mismanagement and achieve financial solvency. The plan shall include a
15 proposed timeline for achieving financial solvency. The receiver shall
16 submit the report within one hundred twenty days after the receiver's
17 appointment. The financial improvement plan approved by the state board of
18 education may authorize the receiver to do any of the following:

19 1. Override any decisions of the school district's governing board or
20 the school district superintendent, or both, concerning the management and
21 operation of the school district, and initiate and make decisions concerning
22 the management and operation of the school district.

23 2. Attend any and all meetings of the school district's governing
24 board and administrative staff.

25 3. Supervise the day-to-day activities of the school district's staff,
26 including reassigning the duties and responsibilities of personnel in a
27 manner that, in the determination of the receiver, best suits the needs of
28 the school district.

29 4. Place on extended leave, suspend or terminate for cause the school
30 district's superintendent or chief financial officer, or both. A person
31 terminated pursuant to this paragraph may appeal the receiver's decision to
32 the state board of education if an appeal is filed with the state board
33 within thirty days of receiving notice of the termination.

34 5. Authorize pupils to transfer from schools operated by the school
35 district to schools operated by another school district that is not currently
36 in receivership.

37 6. Appoint a chief educational officer who shall possess the powers
38 and duties of a school district superintendent. A chief educational officer
39 who is appointed pursuant to this paragraph shall hold a valid administrative
40 certificate.

41 7. Appoint a chief fiscal officer who shall possess the powers and
42 duties of the school district's chief school business official and any other
43 duties regarding budgeting, accounting and other financial matters that are
44 assigned to the school district by law.

1 8. Appoint a competent independent public accountant to audit the
2 accounts of the school district.

3 9. Reorganize the school district's financial accounts, management and
4 budgetary systems to improve financial responsibility and reduce financial
5 inefficiency within the district.

6 10. Establish school district fiscal guidelines and a system of
7 internal controls, including internal administrative controls and internal
8 accounting controls, with provisions for internal audits.

9 11. Cancel or renegotiate any contract, other than contracts of
10 certificated teachers who have been employed by the school district in the
11 capacity of a certificated teacher for more than one year immediately before
12 the date the receiver was appointed, to which the governing board or the
13 school district is a party if the cancellation or renegotiation of the
14 contract will produce needed economies in the operation of the district's
15 schools. The receiver may refuse to reemploy any certificated teacher who
16 has not been employed by the school district for more than the major portion
17 of three consecutive school years as provided in section 15-536.

18 G. The receiver's power, authority and duties shall be effective on
19 the date of the receiver's appointment by the state board of education. The
20 receiver shall perform the receiver's duties according to the instructions of
21 the state board of education order and according to law. The receiver shall
22 promptly report any violations of law, including a violation of the uniform
23 system of financial records, to the state board of education.

24 H. On review and approval of the state board of education, the
25 receiver shall take all necessary steps to implement the financial
26 improvement plan and budget utilizing those powers identified in the plan as
27 prescribed in subsection F of this section.

28 I. The salary and benefits of the receiver and any officers or
29 employees appointed by the receiver shall be paid by the school district.
30 The state board of education shall determine the salary for the receiver and
31 any officers or employees appointed by the receiver based on amounts
32 recommended by the state board.

33 J. The state board of education shall remove the school district from
34 receivership and dismiss the receiver and dismiss any officer or employee
35 appointed by the receiver thirty days after all of the following have
36 occurred:

37 1. The auditor general certifies that the school district has been
38 financially solvent for one fiscal year.

39 2. The auditor general certifies that the school district's financial
40 records are in compliance with the uniform system of financial records and
41 generally accepted accounting principles.

42 3. The receiver certifies that the school district is no longer
43 engaged in gross mismanagement.

44 4. The state board of education has determined that the school
45 district is able to pay its debts as those debts become due.

1 K. The receiver shall submit a quarterly progress report to the state
2 board of education. The first progress report is due ~~on the three month~~
3 ~~anniversary of~~ TWO HUNDRED TEN DAYS AFTER the receiver's appointment by the
4 state board.

5 L. The state board of education shall formally review the receiver's
6 progress every six months. If, based on the quarterly progress reports, the
7 state board determines that the receiver's progress is insufficient, the
8 state board may remove the current receiver and appoint another receiver for
9 the school district.

10 M. The state board of education may dismiss the receiver for cause or
11 on a majority vote of no confidence in the receiver of the state board.

12 N. The school district shall indemnify the receiver and any officer or
13 employee appointed by the receiver who is made or threatened to be made a
14 party to any litigation by reason of their status under this section if the
15 receiver, officer or employee acted in good faith and in a manner that the
16 receiver, officer or employee reasonably believed to be consistent with the
17 best interest of the school district and if the receiver, officer or employee
18 had no reasonable cause to believe that the conduct was unlawful.

19 O. During the period of time that the school district is in
20 receivership, no member, officer, employee or agent of the school district
21 may enter into any contract or incur any liability on behalf of the school
22 district for any purpose if the amount of the contract or liability exceeds
23 the receiver's authorized financial plan and budget for the school district.
24 The receiver may discipline, including, if warranted, imposing a suspension
25 from duty without pay, removal from office or termination of, any school
26 district employee or officer who violates this subsection.

27 P. This section does not create a private cause of action against the
28 school district or its officers, directors, board members or employees.

29 Q. The assumption of control of the school district by the receiver
30 shall in no way interfere with the election or reelection of school district
31 governing board members.

32 R. This section shall not interfere with a school district's ability
33 to declare bankruptcy under federal law.

34 S. The state board of education shall continue to monitor and offer
35 technical assistance to a school district for two years after its removal
36 from receivership.

37 T. A PERSON WHO THREATENS OR KNOWINGLY CAUSES PHYSICAL HARM TO A
38 RECEIVER APPOINTED PURSUANT TO THIS SECTION OR SECTION 15-107 WHILE THE
39 RECEIVER IS ENGAGED IN THE PERFORMANCE OF THE RECEIVER'S DUTIES IS GUILTY OF
40 A CLASS 3 FELONY.

41 ~~F.~~ U. For the purposes of this section:

42 ~~1. "Delinquent debt" means debts or liability unpaid by the school~~
43 ~~district for a period of more than sixty days from the time of notice.~~

44 ~~2.~~ 1. "Gross mismanagement" means that the school district's officers
45 or employees committed or engaged in gross incompetence or systemic and

1 egregious mismanagement of the school district's finances or financial
2 records.

3 ~~3.~~ 2. "Notice" means written notice personally served or delivered by
4 certified mail, return receipt requested.

5 ~~4.~~ 3. "Receiver" means an individual appointed by the state board of
6 education from the persons recommended by the state board for the purpose of
7 managing a school district placed in receivership by the state board of
8 education.

9 ~~5.~~ 4. "Receivership" means the state or condition of being under the
10 control of the receiver appointed by the state board of education.

11 ~~6.~~ 5. "Superintendent" means the chief executive officer of the
12 school district.

13 Sec. 2. Title 15, chapter 1, article 1, Arizona Revised Statutes, is
14 amended by adding section 15-107, to read:

15 15-107. School district overexpenditures; fiscal crisis
16 response management procedure teams; quarterly
17 progress reports; fiscal management report; annual
18 report; actions resulting from overexpenditures;
19 professional development; small school district
20 exemption; definitions

21 A. IF THE STATE BOARD OF EDUCATION RECEIVES NOTICE OR A CREDIBLE
22 ALLEGATION THAT A SCHOOL DISTRICT HAS COMMITTED OR ATTEMPTED TO COMMIT AN
23 OVEREXPENDITURE, THE STATE BOARD SHALL CALL A PUBLIC MEETING TO DETERMINE
24 WHETHER AN OVEREXPENDITURE HAS BEEN ATTEMPTED OR HAS OCCURRED.

25 B. IF THE STATE BOARD OF EDUCATION DETERMINES AT THE PUBLIC MEETING
26 CONDUCTED PURSUANT TO SUBSECTION A OF THIS SECTION THAT A SCHOOL DISTRICT HAS
27 COMMITTED OR ATTEMPTED TO COMMIT AN OVEREXPENDITURE, THE SCHOOL DISTRICT
28 SUPERINTENDENT SHALL APPEAR BEFORE THE STATE BOARD OF EDUCATION AT A PUBLIC
29 MEETING TO REQUEST EMERGENCY AUTHORIZATION TO MAKE THE OVEREXPENDITURE. THE
30 STATE BOARD OF EDUCATION MAY AUTHORIZE THE SCHOOL DISTRICT TO MAKE AN
31 EMERGENCY EXPENDITURE. IF THE STATE BOARD OF EDUCATION AUTHORIZES THE
32 EMERGENCY EXPENDITURE, THE STATE BOARD OF EDUCATION SHALL EITHER:

33 1. APPOINT A RECEIVER PURSUANT TO SECTION 15-103.

34 2. DIRECT THE DEPARTMENT OF EDUCATION TO CONTRACT WITH A FISCAL CRISIS
35 RESPONSE MANAGEMENT PROCEDURE TEAM AND TO ASSIGN THAT FISCAL CRISIS RESPONSE
36 MANAGEMENT PROCEDURE TEAM TO THE SCHOOL DISTRICT. THE FISCAL CRISIS RESPONSE
37 MANAGEMENT PROCEDURE TEAM SHALL BE COMPOSED OF PERSONS WHO HAVE EXPERTISE IN
38 SCHOOL FINANCE AND MAY INCLUDE CURRENT OR FORMER SCHOOL DISTRICT FINANCIAL
39 OFFICERS, CURRENT OR FORMER SCHOOL DISTRICT BUSINESS MANAGERS, CERTIFIED
40 PUBLIC ACCOUNTANTS AND CURRENT OR FORMER SCHOOL DISTRICT SUPERINTENDENTS.
41 THE PERSONS ASSIGNED TO A FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM
42 SHALL NOT BE EMPLOYEES OF THE STATE BOARD OF EDUCATION OR THE DEPARTMENT OF
43 EDUCATION. THE FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM SHALL
44 CONDUCT ON-SITE EVALUATIONS OF THE SCHOOL DISTRICT AND WORK WITH THE SCHOOL
45 DISTRICT TO:

- 1 (a) DETERMINE THE NATURE AND THE AMOUNT OF THE OVEREXPENDITURE.
- 2 (b) DETERMINE THE MANNER IN WHICH THE OVEREXPENDITURE OCCURRED.
- 3 (c) DETERMINE THE REASONS THAT THE OVEREXPENDITURE OCCURRED.
- 4 (d) PRESCRIBE METHODS TO CORRECT THE OVEREXPENDITURE.
- 5 (e) PRESCRIBE METHODS TO PREVENT OVEREXPENDITURES FROM OCCURRING IN
- 6 THE FUTURE.

7 3. IF THE SCHOOL DISTRICT COMMITS OR ATTEMPTS TO COMMIT AN
8 OVEREXPENDITURE FOR THE FIRST TIME IN A TEN YEAR PERIOD AND THE
9 OVEREXPENDITURE EXCEEDS THE SCHOOL DISTRICT'S BUDGET BY LESS THAN ONE-HALF OF
10 ONE PER CENT, CONTINUE TO MONITOR THE SCHOOL DISTRICT OR TAKE ANY ACTION
11 PRESCRIBED IN PARAGRAPH 1 OR 2 OF THIS SUBSECTION.

12 C. A FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM ASSIGNED
13 PURSUANT TO THIS SECTION SHALL BE DESIGNATED BY THE DEPARTMENT AS A LEVEL ONE
14 FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM OR A LEVEL TWO FISCAL CRISIS
15 RESPONSE MANAGEMENT PROCEDURE TEAM.

16 D. THE EXPENSES OF THE FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE
17 TEAM SHALL BE PAID BY THE SCHOOL DISTRICT.

18 E. A LEVEL ONE FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM SHALL:
19 1. BE ASSIGNED TO A SCHOOL DISTRICT FOR NOT LONGER THAN TWELVE
20 CONSECUTIVE MONTHS.

21 2. MAKE RECOMMENDATIONS TO THE SCHOOL DISTRICT CONCERNING BUDGETARY
22 AND FISCAL MATTERS.

23 F. A LEVEL TWO FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM SHALL
24 BE ASSIGNED TO A SCHOOL DISTRICT FOR NOT LONGER THAN TWENTY-FOUR CONSECUTIVE
25 MONTHS. A LEVEL TWO FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM MAY:

26 1. OVERRIDE FINANCIAL DECISIONS THAT ARE DIRECTLY RELATED TO THE
27 EDUCATION OF PUPILS AND THAT ARE MADE BY THE GOVERNING BOARD OF THE SCHOOL
28 DISTRICT OR THE SUPERINTENDENT OF THE SCHOOL DISTRICT.

29 2. MAKE BUDGETARY AND FISCAL DECISIONS AS SPECIFIED BY LAW ON BEHALF
30 OF THE SCHOOL DISTRICT.

31 G. A FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM SHALL REVIEW AND
32 INVESTIGATE THE FINANCIAL AFFAIRS OF THE SCHOOL DISTRICT AND MAY WORK WITH
33 SCHOOL FINANCE PERSONNEL AT THE DEPARTMENT OF EDUCATION TO ENSURE THAT THE
34 SCHOOL DISTRICT'S FINANCES ARE IN COMPLIANCE WITH THE LAWS OF THIS STATE.
35 THE FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM SHALL SUBMIT A DETAILED
36 WRITTEN QUARTERLY PROGRESS REPORT TO THE STATE BOARD OF EDUCATION LISTING THE
37 FINDINGS OF THE INVESTIGATION AND THE RECOMMENDATIONS AND DECISIONS OF THE
38 FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM. THE FISCAL CRISIS RESPONSE
39 MANAGEMENT PROCEDURE TEAM SHALL INCLUDE COPIES OF ALL RELEVANT RECORDS IN THE
40 PROGRESS REPORT.

41 H. A FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM MAY REQUEST THAT
42 THE STATE BOARD OF EDUCATION APPOINT A RECEIVER FOR A SCHOOL DISTRICT
43 PURSUANT TO SECTION 15-103. IF THE FISCAL CRISIS RESPONSE MANAGEMENT
44 PROCEDURE TEAM REQUESTS THAT A RECEIVER BE APPOINTED FOR THE SCHOOL DISTRICT,
45 THE STATE BOARD OF EDUCATION SHALL APPOINT A RECEIVER AT A PUBLIC MEETING NO

1 LATER THAN THIRTY DAYS AFTER RECEIPT OF THE REQUEST FOR THE APPOINTMENT OF A
2 RECEIVER. THE FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM SHALL SUBMIT
3 A REPORT TO THE RECEIVER WITHIN FORTY-FIVE DAYS AFTER THE APPOINTMENT OF THE
4 RECEIVER OR AT THE NEXT SCHEDULED MEETING OF THE STATE BOARD OF EDUCATION,
5 WHICHEVER OCCURS FIRST. THE FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM
6 SHALL BE RELIEVED OF ITS RESPONSIBILITIES UNDER THIS SECTION AND SHALL BE
7 DISBANDED AFTER SUBMITTING THE REPORT PRESCRIBED IN THIS SUBSECTION TO THE
8 RECEIVER.

9 I. A SCHOOL DISTRICT THAT COMMITS OR ATTEMPTS TO COMMIT AN
10 OVEREXPENDITURE PURSUANT TO THIS SECTION SHALL SUBMIT, IN CONSULTATION WITH
11 THE RECEIVER OR FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM, A FISCAL
12 MANAGEMENT REPORT TO THE STATE BOARD OF EDUCATION WITHIN ONE HUNDRED TWENTY
13 DAYS AFTER THE DATE THAT THE STATE BOARD OF EDUCATION AUTHORIZED THE
14 EMERGENCY EXPENDITURE OR THE CLOSE OF THE CURRENT FISCAL YEAR, WHICHEVER
15 OCCURS FIRST. THE FISCAL MANAGEMENT REPORT SHALL BE IN A FORMAT DEVELOPED BY
16 THE STATE BOARD OF EDUCATION AND SHALL INCLUDE THE FOLLOWING:

17 1. A DETAILED EXPLANATION OF THE NATURE OF THE OVEREXPENDITURE AND THE
18 MANNER IN WHICH THE OVEREXPENDITURE OCCURRED.

19 2. A DETAILED EXPLANATION OF THE REASONS THAT THE OVEREXPENDITURE
20 OCCURRED.

21 3. A DETAILED LIST OF ANY FINANCIAL ENCUMBRANCES THAT WILL CARRY OVER
22 INTO THE NEXT FISCAL YEAR AND THAT COULD POTENTIALLY RESULT IN ANOTHER
23 OVEREXPENDITURE IN THE NEXT FISCAL YEAR.

24 4. A FISCAL MANAGEMENT PLAN TO CORRECT THE OVEREXPENDITURE.

25 5. A DETAILED EXPLANATION OF METHODS THAT WILL BE USED TO PREVENT
26 OVEREXPENDITURES FROM OCCURRING IN THE FUTURE.

27 6. THE FINDINGS AND RECOMMENDATIONS OF THE RECEIVER OR FISCAL CRISIS
28 RESPONSE MANAGEMENT PROCEDURE TEAM.

29 J. ON OR BEFORE DECEMBER 31, THE STATE BOARD OF EDUCATION SHALL SUBMIT
30 AN ANNUAL REPORT ON SCHOOL DISTRICT OVEREXPENDITURES TO THE GOVERNOR, THE
31 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE. THE
32 STATE BOARD SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE AND
33 THE DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS. THE
34 ANNUAL REPORT PRESCRIBED IN THIS SUBSECTION SHALL INCLUDE THE FOLLOWING:

35 1. A SUMMARIZED COMPILATION OF THE FISCAL MANAGEMENT REPORTS SUBMITTED
36 BY SCHOOL DISTRICTS PURSUANT TO SUBSECTION I OF THIS SECTION DURING THE MOST
37 RECENTLY COMPLETED FISCAL YEAR.

38 2. THE ACTIONS TAKEN BY THE STATE BOARD OF EDUCATION, THE DEPARTMENT
39 OF EDUCATION, SCHOOL DISTRICTS, FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE
40 TEAMS AND RECEIVERS PURSUANT TO THIS SECTION DURING THE MOST RECENTLY
41 COMPLETED FISCAL YEAR.

42 3. AN UPDATE ON PAST ACTIONS TAKEN BY THE STATE BOARD OF EDUCATION,
43 THE DEPARTMENT OF EDUCATION AND SCHOOL DISTRICTS PURSUANT TO THIS SECTION
44 CONCERNING OVEREXPENDITURES THAT WERE COMMITTED OR ATTEMPTED IN PREVIOUS
45 FISCAL YEARS.

1 K. THE STATE BOARD OF EDUCATION SHALL TAKE THE FOLLOWING ACTIONS
2 AGAINST SCHOOL DISTRICTS THAT COMMIT OR ATTEMPT TO COMMIT AN OVEREXPENDITURE:
3 1. IF A SCHOOL DISTRICT COMMITS OR ATTEMPTS TO COMMIT AN
4 OVEREXPENDITURE FOR THE FIRST TIME IN A TEN YEAR PERIOD AND THE
5 OVEREXPENDITURE EXCEEDS THE SCHOOL DISTRICT'S BUDGET BY ONE-HALF OF ONE PER
6 CENT OR LESS OR THE OVEREXPENDITURE AMOUNTS TO LESS THAN TWENTY-SIX THOUSAND
7 SEVEN HUNDRED DOLLARS, WHICHEVER IS LESS, THE STATE BOARD OF EDUCATION SHALL
8 REVIEW THE OVEREXPENDITURE IN ADDITION TO ANY ENCUMBERED MONIES OF THE SCHOOL
9 DISTRICT FOR THE FOLLOWING FISCAL YEAR. IF THE STATE BOARD OF EDUCATION
10 DETERMINES THAT THE TOTAL AMOUNT OF THE OVEREXPENDITURE AND THE ENCUMBERED
11 MONIES IS ONE-HALF OF ONE PER CENT OR MORE OF THE SCHOOL DISTRICT'S BUDGET,
12 THE STATE BOARD OF EDUCATION SHALL DIRECT THE DEPARTMENT OF EDUCATION TO
13 ASSIGN A LEVEL ONE FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM TO THE
14 SCHOOL DISTRICT. IF THE STATE BOARD OF EDUCATION DETERMINES THAT THE TOTAL
15 AMOUNT OF THE OVEREXPENDITURE AND THE ENCUMBERED MONIES IS LESS THAN ONE-HALF
16 OF ONE PER CENT OF THE SCHOOL DISTRICT'S BUDGET, THE STATE BOARD OF EDUCATION
17 MAY EITHER:
18 (a) DIRECT THE DEPARTMENT OF EDUCATION TO ASSIGN A LEVEL ONE FISCAL
19 CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM TO THE SCHOOL DISTRICT.
20 (b) MONITOR THE SCHOOL DISTRICT'S FINANCIAL RECORDS AT LEAST ONCE EACH
21 SIX MONTHS FOR THE FOLLOWING TWO YEARS.
22 2. IF A SCHOOL DISTRICT COMMITS OR ATTEMPTS TO COMMIT AN
23 OVEREXPENDITURE FOR THE FIRST TIME IN A TEN YEAR PERIOD AND THE
24 OVEREXPENDITURE EXCEEDS THE SCHOOL DISTRICT'S BUDGET BY MORE THAN ONE-HALF OF
25 ONE PER CENT BUT NOT MORE THAN FIVE PER CENT OR THE OVEREXPENDITURE AMOUNTS
26 TO LESS THAN TWO HUNDRED SIXTY-SEVEN THOUSAND DOLLARS, WHICHEVER IS LESS, THE
27 STATE BOARD OF EDUCATION SHALL DIRECT THE DEPARTMENT OF EDUCATION TO ASSIGN A
28 LEVEL ONE FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM TO THE SCHOOL
29 DISTRICT.
30 3. IF A SCHOOL DISTRICT COMMITS OR ATTEMPTS TO COMMIT AN
31 OVEREXPENDITURE FOR THE SECOND TIME WITHIN A TEN YEAR PERIOD OR IF THE
32 OVEREXPENDITURE EXCEEDS THE SCHOOL DISTRICT'S BUDGET BY MORE THAN FIVE PER
33 CENT BUT NOT MORE THAN TEN PER CENT, THE STATE BOARD OF EDUCATION SHALL
34 DIRECT THE DEPARTMENT OF EDUCATION TO ASSIGN A LEVEL TWO FISCAL CRISIS
35 RESPONSE MANAGEMENT PROCEDURE TEAM TO THE SCHOOL DISTRICT FOR AT LEAST ONE
36 YEAR OR THE STATE BOARD OF EDUCATION MAY ASSIGN A RECEIVER FOR THE SCHOOL
37 DISTRICT.
38 4. NOTWITHSTANDING SECTION 15-103, IF A SCHOOL DISTRICT COMMITS OR
39 ATTEMPTS TO COMMIT AN OVEREXPENDITURE FOR THE THIRD OR SUBSEQUENT TIME WITHIN
40 A TEN YEAR PERIOD OR IF THE OVEREXPENDITURE EXCEEDS THE SCHOOL DISTRICT'S
41 BUDGET BY MORE THAN TEN PER CENT, THE STATE BOARD OF EDUCATION SHALL
42 IMMEDIATELY APPOINT A RECEIVER FOR THE SCHOOL DISTRICT. A RECEIVER APPOINTED
43 PURSUANT TO THIS PARAGRAPH HAS ALL THE POWERS AND DUTIES PRESCRIBED IN
44 SECTION 15-103.

1 L. AFTER REVIEWING THE REPORTS SUBMITTED BY A RECEIVER OR A FISCAL
2 CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM PURSUANT TO THIS SECTION, THE STATE
3 BOARD OF EDUCATION MAY REVIEW FOR POSSIBLE REVOCATION ALL CERTIFICATES ISSUED
4 PURSUANT TO SECTION 15-203 TO THE SUPERINTENDENT OF THE SCHOOL DISTRICT AND
5 MAY RECOMMEND THAT THE SCHOOL DISTRICT TERMINATE THE EMPLOYMENT OF THE
6 SUPERINTENDENT AND THE BUSINESS MANAGER OF THE SCHOOL DISTRICT.

7 M. IF AN OVEREXPENDITURE IS ATTEMPTED OR COMMITTED TWO OR MORE TIMES
8 DURING THE PERIOD OF TIME THAT THE SUPERINTENDENT OR BUSINESS MANAGER IS
9 EMPLOYED BY THAT SCHOOL DISTRICT, THE STATE BOARD SHALL REVIEW FOR POSSIBLE
10 REVOCATION ALL CERTIFICATES ISSUED PURSUANT TO SECTION 15-203 TO THE
11 SUPERINTENDENT OF THE SCHOOL DISTRICT AND SHALL DIRECT THE SCHOOL DISTRICT TO
12 TERMINATE THE EMPLOYMENT OF THE BUSINESS MANAGER OF THE SCHOOL DISTRICT.

13 N. ANY RELEVANT DOCUMENTS AND OTHER MATERIALS SHALL BE SUBMITTED TO
14 THE COUNTY ATTORNEY FOR REVIEW TO DETERMINE WHETHER ANY CRIMES HAVE BEEN
15 COMMITTED. IF THE COUNTY ATTORNEY DETERMINES THAT CRIMES HAVE BEEN COMMITTED
16 IN CONNECTION WITH AN OVEREXPENDITURE PURSUANT TO THIS SECTION, THE COUNTY
17 ATTORNEY SHALL COMMENCE APPROPRIATE CRIMINAL PROCEEDINGS IN ANY COURT OF
18 COMPETENT JURISDICTION.

19 O. ANY SCHOOL DISTRICT THAT COMMITS AN OVEREXPENDITURE PURSUANT TO
20 THIS SECTION SHALL PROVIDE PROFESSIONAL DEVELOPMENT TRAINING FOR GOVERNING
21 BOARD MEMBERS, THE SUPERINTENDENT, ASSOCIATE SCHOOL SUPERINTENDENTS AND
22 BUSINESS MANAGERS OF THE SCHOOL DISTRICT. THE EXPENSES OF THE PROFESSIONAL
23 DEVELOPMENT TRAINING PRESCRIBED IN THIS SUBSECTION SHALL BE PAID BY THE
24 SCHOOL DISTRICT. EACH PERSON REQUIRED TO OBTAIN PROFESSIONAL DEVELOPMENT
25 TRAINING PURSUANT TO THIS SUBSECTION SHALL COMPLETE AT LEAST FIFTEEN HOURS OF
26 PROFESSIONAL DEVELOPMENT TRAINING WITHIN NINETY DAYS AFTER THE END OF THE
27 FISCAL YEAR IN WHICH THE OVEREXPENDITURE OCCURRED. A SUPERINTENDENT,
28 ASSOCIATE SUPERINTENDENT OR BUSINESS MANAGER WHO FAILS TO OBTAIN THE
29 PROFESSIONAL DEVELOPMENT TRAINING AS PRESCRIBED IN THIS SUBSECTION SHALL BE
30 TERMINATED FROM EMPLOYMENT WITH THE SCHOOL DISTRICT. THE ATTORNEY GENERAL OR
31 A QUALIFIED ELECTOR WHO RESIDES IN THE SCHOOL DISTRICT MAY BRING AN ACTION IN
32 SUPERIOR COURT TO ENFORCE THIS SUBSECTION. IF A COURT DETERMINES THAT A
33 VIOLATION OF THIS SUBSECTION HAS OCCURRED BY A GOVERNING BOARD MEMBER, THE
34 COURT SHALL ISSUE AN ORDER TO REMOVE THE GOVERNING BOARD MEMBER FROM OFFICE.
35 ANY VACANCY IN THE OFFICE OF THE SCHOOL DISTRICT GOVERNING BOARD THAT RESULTS
36 FROM A COURT ORDER ISSUED PURSUANT TO THIS SUBSECTION SHALL BE FILLED IN THE
37 MANNER PROVIDED BY LAW. A PERSON WHO REPLACES A PERSON WHO FAILED TO OBTAIN
38 THE PROFESSIONAL DEVELOPMENT TRAINING PRESCRIBED IN THIS SUBSECTION SHALL
39 COMPLETE AT LEAST FIFTEEN HOURS OF PROFESSIONAL DEVELOPMENT TRAINING WITHIN
40 NINETY DAYS. THE PROFESSIONAL DEVELOPMENT TRAINING PRESCRIBED IN THIS
41 SUBSECTION SHALL CONSIST OF COURSES IN AT LEAST TWO OF THE FOLLOWING:

- 42 1. SCHOOL FINANCE, INCLUDING FINANCIAL DECISIONS RELATED TO ACADEMICS.
- 43 2. EMPLOYMENT, STAFFING, INVENTORY AND HUMAN RESOURCES.
- 44 3. EXPENDITURE LIMITATIONS.

1 4. EMPLOYMENT AND RETENTION OF EMPLOYEES WHO DEMONSTRATE LEADERSHIP
2 AND TEACHING SKILLS.

3 5. INTERNAL CONTROLS.

4 6. DUTIES OF SCHOOL OFFICIALS AND EMPLOYEES.

5 P. UNTIL JULY 1, 2013, THIS SECTION DOES NOT APPLY TO A SCHOOL
6 DISTRICT THAT QUALIFIES FOR THE SMALL SCHOOL DISTRICT ADJUSTMENT PURSUANT TO
7 SECTION 15-949.

8 Q. FOR THE PURPOSES OF THIS SECTION:

9 1. "ATTEMPT TO COMMIT" MEANS A REQUEST BY A SCHOOL DISTRICT TO A
10 COUNTY SCHOOL SUPERINTENDENT THAT WOULD RESULT IN AN OVEREXPENDITURE.

11 2. "OVEREXPENDITURE" MEANS AN EXPENDITURE IN EXCESS OF ANY OF THE
12 FOLLOWING:

13 (a) THE GENERAL BUDGET LIMIT.

14 (b) THE UNRESTRICTED CAPITAL BUDGET LIMIT.

15 (c) THE SOFT CAPITAL ALLOCATION LIMIT.

16 Sec. 3. Section 15-272, Arizona Revised Statutes, is amended to read:
17 15-272. Duties of department of education for uniform system of
18 financial records

19 A. The department of education shall advise and consult with the
20 auditor general in the preparation and implementation of a uniform system of
21 financial records.

22 B. The state board of education, ~~shall upon~~ ON report from the auditor
23 general, SHALL determine whether school districts are maintaining the uniform
24 system of financial records. If the state board of education determines that
25 a school district is not in compliance with the uniform system of financial
26 records or has failed to correct a deficiency within ninety days after
27 receiving notice from the auditor general, the state board of education ~~may~~
28 SHALL direct the superintendent of public instruction to withhold ~~any~~ UP TO
29 TEN PER CENT OF THE portion of state ~~funds~~ MONIES to the school district FOR
30 EACH VIOLATION from the date of the determination until such time as the
31 auditor general reports compliance with the uniform system of financial
32 records. The auditor general and the department of education shall assist
33 the school district to achieve compliance during such period.

34 Sec. 4. Section 15-304, Arizona Revised Statutes, is amended to read:
35 15-304. Warrants; limitations; definition

36 A. The county school superintendent, on the voucher of the governing
37 board of a school district, shall draw ~~his~~ THE SUPERINTENDENT'S warrant on
38 the county treasurer for all necessary expenses against the school fund of
39 the district. The warrants shall be drawn in the order in which the vouchers
40 are filed in ~~his~~ THE SUPERINTENDENT'S office. A warrant shall not be drawn
41 for an expenditure ~~from the maintenance and operation, capital outlay,~~
42 ~~adjacent ways and federal and state grant funds~~ for a purpose not included in
43 the budget of the school district or for an expenditure in excess of the
44 amount budgeted and not previously expended, except for EMERGENCY
45 expenditures authorized by the ~~board of supervisors as provided in section~~

1 ~~15-907~~ STATE BOARD OF EDUCATION PURSUANT TO SECTION 15-107. The county
2 school superintendent shall not draw a warrant for an expenditure from any
3 school district fund except the maintenance and operation, capital outlay or
4 adjacent ways fund or federal and state grant funds unless sufficient cash is
5 available in the fund according to the records of the county school
6 superintendent OR UNLESS THE STATE BOARD OF EDUCATION AUTHORIZED AN EMERGENCY
7 EXPENDITURE PURSUANT TO SECTION 15-107. ~~The county school superintendent may
8 only draw a warrant for an expenditure from a federal or state grant fund
9 when sufficient cash is not available in the grant fund if the county
10 treasurer maintains the two accounts as provided in section 15-996, paragraph
11 1 and if the county school superintendent determines that the expenditures
12 are included in the budget section of the approved grant application.~~

13 B. UNLESS THE SCHOOL DISTRICT IS IN RECEIVERSHIP, THE COUNTY SCHOOL
14 SUPERINTENDENT SHALL IMMEDIATELY NOTIFY THE SCHOOL DISTRICT GOVERNING BOARD
15 AND THE STATE BOARD OF EDUCATION IN WRITING IF A SCHOOL DISTRICT ATTEMPTS TO
16 COMMIT AN OVEREXPENDITURE AS DEFINED IN SECTION 15-107.

17 C. A COUNTY SCHOOL SUPERINTENDENT WHO FAILS TO COMPLY WITH THIS
18 SECTION IS GUILTY OF UNPROFESSIONAL CONDUCT.

19 D. THE ATTORNEY GENERAL MAY COMMENCE AN ACTION IN SUPERIOR COURT TO
20 ENFORCE THIS SECTION. IF THE COURT DETERMINES THAT A COUNTY SCHOOL
21 SUPERINTENDENT HAS VIOLATED THIS SECTION, THE COURT SHALL ISSUE AN ORDER
22 DIRECTING BOTH:

- 23 1. THE REMOVAL OF THE COUNTY SCHOOL SUPERINTENDENT FROM OFFICE.
- 24 2. THE REVOCATION FOR UNPROFESSIONAL CONDUCT OF ALL CERTIFICATES
25 ISSUED TO THE FORMER COUNTY SCHOOL SUPERINTENDENT BY THE STATE BOARD OF
26 EDUCATION PURSUANT TO SECTION 15-203.

27 E. ANY VACANCY IN THE OFFICE OF THE COUNTY SCHOOL SUPERINTENDENT THAT
28 RESULTS FROM A COURT ORDER ISSUED PURSUANT TO SUBSECTION D OF THIS SECTION
29 SHALL BE FILLED IN THE MANNER PROVIDED BY LAW.

30 F. For THE purposes of this section, "voucher" means a summary cover
31 sheet and either copies of the invoices of the expenditure or a listing of
32 the invoice detail.

33 Sec. 5. Section 15-341, Arizona Revised Statutes, is amended to read:
34 15-341. General powers and duties; immunity; delegation

35 A. The governing board shall:

36 1. Prescribe and enforce policies and procedures for the governance of
37 the schools, not inconsistent with law or rules prescribed by the state board
38 of education.

39 2. Maintain the schools established by it for the attendance of each
40 pupil for a period of not less than one hundred seventy-five school days or
41 two hundred school days, as applicable, or its equivalent as approved by the
42 superintendent of public instruction for a school district operating on a
43 year-round operation basis, to offer an educational program on the basis of a
44 four day school week or to offer an alternative kindergarten program on the
45 basis of a three day school week, in each school year, and if the funds of

- 1 the district are sufficient, for a longer period, and as far as practicable
2 with equal rights and privileges.
- 3 3. Exclude from schools all books, publications, papers or audiovisual
4 materials of a sectarian, partisan or denominational character.
- 5 4. Manage and control the school property within its district.
- 6 5. Acquire school furniture, apparatus, equipment, library books and
7 supplies for the use of the schools.
- 8 6. Prescribe the curricula and criteria for the promotion and
9 graduation of pupils as provided in sections 15-701 and 15-701.01.
- 10 7. Furnish, repair and insure, at full insurable value, the school
11 property of the district.
- 12 8. Construct school buildings on approval by a vote of the district
13 electors.
- 14 9. Make in the name of the district conveyances of property belonging
15 to the district and sold by the board.
- 16 10. Purchase school sites when authorized by a vote of the district at
17 an election conducted as nearly as practicable in the same manner as the
18 election provided in section 15-481 and held on a date prescribed in section
19 15-491, subsection E, but such authorization shall not necessarily specify
20 the site to be purchased and such authorization shall not be necessary to
21 exchange unimproved property as provided in section 15-342, paragraph 23.
- 22 11. Construct, improve and furnish buildings used for school purposes
23 when such buildings or premises are leased from the national park service.
- 24 12. Purchase school sites or construct, improve and furnish school
25 buildings from the proceeds of the sale of school property only on approval
26 by a vote of the district electors.
- 27 13. Hold pupils to strict account for disorderly conduct on school
28 property.
- 29 14. Discipline students for disorderly conduct on the way to and from
30 school.
- 31 15. Except as provided in section 15-1224, deposit all monies received
32 by the district as gifts, grants and devises with the county treasurer who
33 shall credit the deposits as designated in the uniform system of financial
34 records. If not inconsistent with the terms of the gifts, grants and devises
35 given, any balance remaining after expenditures for the intended purpose of
36 the monies have been made shall be used for reduction of school district
37 taxes for the budget year, except that in the case of accommodation schools
38 the county treasurer shall carry the balance forward for use by the county
39 school superintendent for accommodation schools for the budget year.
- 40 16. Provide that, if a parent or legal guardian chooses not to accept a
41 decision of the teacher as provided in section 15-521, paragraph 3, the
42 parent or legal guardian may request in writing that the governing board
43 review the teacher's decision. Nothing in this paragraph shall be construed
44 to release school districts from any liability relating to a child's
45 promotion or retention.

1 17. Provide for adequate supervision over pupils in instructional and
2 noninstructional activities by certificated or noncertificated personnel.

3 18. Use school monies received from the state and county school
4 apportionment exclusively for payment of salaries of teachers and other
5 employees and contingent expenses of the district.

6 19. Make an annual report to the county school superintendent on or
7 before October 1 each year in the manner and form and on the blanks
8 prescribed by the superintendent of public instruction or county school
9 superintendent. The board shall also make reports directly to the county
10 school superintendent or the superintendent of public instruction whenever
11 required.

12 20. Deposit all monies received by school districts other than student
13 activities monies or monies from auxiliary operations as provided in sections
14 15-1125 and 15-1126 with the county treasurer to the credit of the school
15 district except as provided in paragraph 21 of this subsection and sections
16 15-1223 and 15-1224, and the board shall expend the monies as provided by law
17 for other school funds.

18 21. Establish a bank account in which the board during a month may
19 deposit miscellaneous monies received directly by the district. The board
20 shall remit monies deposited in the bank account at least monthly to the
21 county treasurer for deposit as provided in paragraph 20 of this subsection
22 and in accordance with the uniform system of financial records.

23 22. Employ an attorney admitted to practice in this state whose
24 principal practice is in the area of commercial real estate, or a real estate
25 broker who is licensed by this state and who is employed by a reputable
26 commercial real estate company, to negotiate a lease of five or more years
27 for the school district if the governing board decides to enter into a lease
28 of five or more years as lessor of school buildings or grounds as provided in
29 section 15-342, paragraph 7 or 10. Any lease of five or more years
30 negotiated pursuant to this paragraph shall provide that the lessee is
31 responsible for payment of property taxes pursuant to the requirements of
32 section 42-11104.

33 23. Prescribe and enforce policies and procedures for disciplinary
34 action against a teacher who engages in conduct that is a violation of the
35 policies of the governing board but that is not cause for dismissal of the
36 teacher or for revocation of the certificate of the teacher. Disciplinary
37 action may include suspension without pay for a period of time not to exceed
38 ten school days. Disciplinary action shall not include suspension with pay
39 or suspension without pay for a period of time longer than ten school days.
40 The procedures shall include notice, hearing and appeal provisions for
41 violations that are cause for disciplinary action. The governing board may
42 designate a person or persons to act on behalf of the board on these matters.

43 24. Prescribe and enforce policies and procedures for disciplinary
44 action against an administrator who engages in conduct that is a violation of
45 the policies of the governing board regarding duties of administrators but

1 that is not cause for dismissal of the administrator or for revocation of the
2 certificate of the administrator. Disciplinary action may include suspension
3 without pay for a period of time not to exceed ten school days. Disciplinary
4 action shall not include suspension with pay or suspension without pay for a
5 period of time longer than ten school days. The procedures shall include
6 notice, hearing and appeal provisions for violations that are cause for
7 disciplinary action. The governing board may designate a person or persons
8 to act on behalf of the board on these matters. For violations that are
9 cause for dismissal, the provisions of notice, hearing and appeal in chapter
10 5, article 3 of this title shall apply. The filing of a timely request for a
11 hearing suspends the imposition of a suspension without pay or a dismissal
12 pending completion of the hearing.

13 25. Notwithstanding section 13-3108, prescribe and enforce policies and
14 procedures that prohibit a person from carrying or possessing a weapon on
15 school grounds unless the person is a peace officer or has obtained specific
16 authorization from the school administrator.

17 26. Prescribe and enforce policies and procedures relating to the
18 health and safety of all pupils participating in district sponsored practice
19 sessions, games or other interscholastic athletic activities, including the
20 provision of water.

21 27. Prescribe and enforce policies and procedures regarding the smoking
22 of tobacco within school buildings. The policies and procedures shall be
23 adopted in consultation with school district personnel and members of the
24 community and shall state whether smoking is prohibited in school buildings.
25 If smoking in school buildings is not prohibited, the policies and procedures
26 shall clearly state the conditions and circumstances under which smoking is
27 permitted, those areas in a school building that may be designated as smoking
28 areas and those areas in a school building that may not be designated as
29 smoking areas.

30 28. Establish an assessment, data gathering and reporting system as
31 prescribed in chapter 7, article 3 of this title.

32 29. Provide special education programs and related services pursuant to
33 section 15-764, subsection A to all children with disabilities as defined in
34 section 15-761.

35 30. Administer competency tests prescribed by the state board of
36 education for the graduation of pupils from high school.

37 31. Secure insurance coverage for all construction projects for
38 purposes of general liability, property damage and workers' compensation and
39 secure performance and payment bonds for all construction projects.

40 32. Keep on file the resumes of all current and former employees who
41 provide instruction to pupils at a school. Resumes shall include an
42 individual's educational and teaching background and experience in a
43 particular academic content subject area. A school district shall inform
44 parents and guardians of the availability of the resume information and shall
45 make the resume information available for inspection on request of parents

1 and guardians of pupils enrolled at a school. Nothing in this paragraph
2 shall be construed to require any school to release personally identifiable
3 information in relation to any teacher or employee including the teacher's or
4 employee's address, salary, social security number or telephone number.

5 33. Report to local law enforcement agencies any suspected crime
6 against a person or property that is a serious offense as defined in section
7 13-604 or that involves a deadly weapon or dangerous instrument or serious
8 physical injury and any conduct that poses a threat of death or serious
9 physical injury to employees, students or anyone on the property of the
10 school. This paragraph does not limit or preclude the reporting by a school
11 district or an employee of a school district of suspected crimes other than
12 those required to be reported by this paragraph. For the purposes of this
13 paragraph, "dangerous instrument", "deadly weapon" and "serious physical
14 injury" have the same ~~meaning~~ MEANINGS prescribed in section 13-105.

15 34. In conjunction with local law enforcement agencies and local
16 medical facilities, develop an emergency response plan for each school in the
17 school district in accordance with minimum standards developed jointly by the
18 department of education and the division of emergency management within the
19 department of emergency and military affairs.

20 35. Annually assign at least one school district employee to
21 participate in a multihazard crisis training program developed or selected by
22 the governing board.

23 36. Provide written notice to the parents or guardians of all students
24 affected in the school district at least thirty days prior to a public
25 meeting to discuss closing a school within the school district. The notice
26 shall include the reasons for the proposed closure and the time and place of
27 the meeting. The governing board shall fix a time for a public meeting on
28 the proposed closure no less than thirty days before voting in a public
29 meeting to close the school. The school district governing board shall give
30 notice of the time and place of the meeting. At the time and place
31 designated in the notice, the school district governing board shall hear
32 reasons for or against closing the school. The school district governing
33 board is exempt from this paragraph if it is determined by the governing
34 board that the school shall be closed because it poses a danger to the health
35 or safety of the pupils or employees of the school.

36 37. Incorporate instruction on Native American history into appropriate
37 existing curricula.

38 38. Prescribe and enforce policies and procedures allowing pupils who
39 have been diagnosed with anaphylaxis by a health care provider licensed
40 pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse
41 practitioner licensed and certified pursuant to title 32, chapter 15 to carry
42 and self-administer emergency medications including auto-injectable
43 epinephrine while at school and at school sponsored activities. The pupil's
44 name on the prescription label on the medication container or on the
45 medication device and annual written documentation from the pupil's parent or

1 guardian to the school that authorizes possession and self-administration is
 2 sufficient proof that the pupil is entitled to the possession and
 3 self-administration of the medication. The policies shall require a pupil
 4 who uses auto-injectable epinephrine while at school and at school sponsored
 5 activities to notify the nurse or the designated school staff person of the
 6 use of the medication as soon as practicable. A school district and its
 7 employees are immune from civil liability with respect to all decisions made
 8 and actions taken that are based on good faith implementation of the
 9 requirements of this paragraph, except in cases of wanton or wilful neglect.

10 39. Allow the possession and self-administration of prescription
 11 medication for breathing disorders in handheld inhaler devices, ~~by~~ pupils
 12 who have been prescribed that medication by a health care professional
 13 licensed pursuant to title 32. The pupil's name on the prescription label on
 14 the medication container or on the handheld inhaler device and annual written
 15 documentation from the pupil's parent or guardian to the school that
 16 authorizes possession and self-administration shall be sufficient proof that
 17 the pupil is entitled to the possession and self-administration of the
 18 medication. A school district and its employees are immune from civil
 19 liability with respect to all decisions made and actions taken that are based
 20 on a good faith implementation of the requirements of this paragraph.

21 40. Prescribe and enforce policies and procedures to prohibit pupils
 22 from harassing, intimidating and bullying other pupils on school grounds, on
 23 school property, on school buses, at school bus stops and at school sponsored
 24 events and activities that include the following components:

25 (a) A procedure for pupils to confidentially report to school
 26 officials incidents of harassment, intimidation or bullying.

27 (b) A procedure for parents and guardians of pupils to submit written
 28 reports to school officials of suspected incidents of harassment,
 29 intimidation or bullying.

30 (c) A requirement that school district employees report suspected
 31 incidents of harassment, intimidation or bullying to the appropriate school
 32 official.

33 (d) A formal process for the documentation of reported incidents of
 34 harassment, intimidation or bullying, except that no documentation shall be
 35 maintained unless the harassment, intimidation or bullying has been proven.

36 (e) A formal process for the investigation by the appropriate school
 37 officials of suspected incidents of harassment, intimidation or bullying.

38 (f) Disciplinary procedures for pupils who have admitted or been found
 39 to have committed incidents of harassment, intimidation or bullying.

40 (g) A procedure that sets forth consequences for submitting false
 41 reports of incidents of harassment, intimidation or bullying.

42 41. Prescribe and enforce policies and procedures regarding changing or
 43 adopting attendance boundaries that include the following components:

44 (a) A procedure for holding public meetings to discuss attendance
 45 boundary changes or adoptions that allows public comments.

1 (b) A procedure to notify the parents or guardians of the students
2 affected.

3 (c) A procedure to notify the residents of the households affected by
4 the attendance boundary changes.

5 (d) A process for placing public meeting notices and proposed maps on
6 the school district's website for public review, if the school district
7 maintains a website.

8 (e) A formal process for presenting the attendance boundaries of the
9 affected area in public meetings that allows public comments.

10 (f) A formal process for notifying the residents and parents or
11 guardians of the affected area as to the decision of the governing board on
12 the school district's website, if the school district maintains a website.

13 (g) A formal process for updating attendance boundaries on the school
14 district's website within ninety days of an adopted boundary change. The
15 school district shall send a direct link to the school district's attendance
16 boundaries website to the department of real estate.

17 (h) If the land that a school was built on was donated within the past
18 five years, a formal process to notify the entity ~~who~~ THAT donated the land
19 affected by the decision of the governing board.

20 42. IF THE STATE BOARD OF EDUCATION DETERMINES THAT THE SCHOOL DISTRICT
21 HAS COMMITTED OR ATTEMPTED TO COMMIT AN OVEREXPENDITURE AS DEFINED IN SECTION
22 15-107, PROVIDE A COPY OF THE FISCAL MANAGEMENT REPORT SUBMITTED PURSUANT TO
23 SECTION 15-107, SUBSECTION I ON ITS WEBSITE AND MAKE COPIES AVAILABLE TO THE
24 PUBLIC AT THE ADMINISTRATIVE OFFICES OF THE SCHOOL DISTRICT.

25 B. Notwithstanding subsection A, paragraphs 8, 10 and 12 of this
26 section, the county school superintendent may construct, improve and furnish
27 school buildings or purchase or sell school sites in the conduct of an
28 accommodation school.

29 C. If any school district acquires real or personal property, whether
30 by purchase, exchange, condemnation, gift or otherwise, the governing board
31 shall pay to the county treasurer any taxes on the property that were unpaid
32 as of the date of acquisition, including penalties and interest. The lien
33 for unpaid delinquent taxes, penalties and interest on property acquired by a
34 school district:

35 1. Is not abated, extinguished, discharged or merged in the title to
36 the property.

37 2. Is enforceable in the same manner as other delinquent tax liens.

38 D. The governing board may not locate a school on property that is
39 less than one-fourth mile from agricultural land regulated pursuant to
40 section 3-365, except that the owner of the agricultural land may agree to
41 comply with the buffer zone requirements of section 3-365. If the owner
42 agrees in writing to comply with the buffer zone requirements and records the
43 agreement in the office of the county recorder as a restrictive covenant
44 running with the title to the land, the school district may locate a school
45 within the affected buffer zone. The agreement may include any stipulations

1 regarding the school, including conditions for future expansion of the school
2 and changes in the operational status of the school that will result in a
3 breach of the agreement.

4 E. A school district, its governing board members, its school council
5 members and its employees are immune from civil liability for the
6 consequences of adoption and implementation of policies and procedures
7 pursuant to subsection A of this section and section 15-342. This waiver
8 does not apply if the school district, its governing board members, its
9 school council members or its employees are guilty of gross negligence or
10 intentional misconduct.

11 F. A governing board may delegate in writing to a superintendent,
12 principal or head teacher the authority to prescribe procedures that are
13 consistent with the governing board's policies.

14 G. Notwithstanding any other provision of this title, a school
15 district governing board shall not take any action that would result in an
16 immediate reduction or a reduction within three years of pupil square footage
17 that would cause the school district to fall below the minimum adequate gross
18 square footage requirements prescribed in section 15-2011, subsection C,
19 unless the governing board notifies the school facilities board established
20 by section 15-2001 of the proposed action and receives written approval from
21 the school facilities board to take the action. A reduction includes an
22 increase in administrative space that results in a reduction of pupil square
23 footage or sale of school sites or buildings, or both. A reduction includes
24 a reconfiguration of grades that results in a reduction of pupil square
25 footage of any grade level. This subsection does not apply to temporary
26 reconfiguration of grades to accommodate new school construction if the
27 temporary reconfiguration does not exceed one year. The sale of equipment
28 that results in an immediate reduction or a reduction within three years that
29 falls below the equipment requirements prescribed in section 15-2011,
30 subsection B is subject to commensurate withholding of school district
31 capital outlay revenue limit monies pursuant to the direction of the school
32 facilities board. Except as provided in section 15-342, paragraph 10,
33 proceeds from the sale of school sites, buildings or other equipment shall be
34 deposited in the school plant fund as provided in section 15-1102.

35 H. Subsections C through G of this section apply to a county board of
36 supervisors and a county school superintendent when operating and
37 administering an accommodation school.

38 I. Until the state board of education and the auditor general adopt
39 rules pursuant to section 15-213, subsection I, a school district may procure
40 construction services, including services for new school construction
41 pursuant to section 15-2041, by the construction-manager-at-risk,
42 design-build and job-order-contracting methods of project delivery as
43 provided in title 41, chapter 23, except that the rules adopted by the
44 director of the department of administration do not apply to procurements

1 pursuant to this subsection. Any procurement commenced pursuant to this
2 subsection may be completed pursuant to this subsection.

3 Sec. 6. Section 15-422, Arizona Revised Statutes, is amended to read:
4 15-422. Nominating petitions; ballots

5 A. Nominating petitions shall be filed with the county school
6 superintendent as prescribed by title 16, chapter 3. Nominating petitions
7 shall be signed by a number of qualified electors of the district as provided
8 in section 16-322. Nominating petitions for persons seeking to fill a
9 vacancy on a governing board shall be designated as provided in section
10 16-314.

11 B. The county school superintendent may cause separate ballots to be
12 prepared, or such school district candidates' names may be included as a part
13 of the regular ballot. In any event the names of all persons whose petitions
14 have been filed shall appear on a ballot, without partisan or other
15 designation except the title of the office.

16 C. IF THE STATE BOARD OF EDUCATION HAS APPOINTED A RECEIVER OR A
17 FISCAL CRISIS RESPONSE MANAGEMENT PROCEDURE TEAM PURSUANT TO SECTION 15-107,
18 THE BALLOT SHALL INCLUDE THE FOLLOWING STATEMENT NEXT TO THE NAME OF EACH
19 GOVERNING BOARD MEMBER THAT WAS A MEMBER OF THE SCHOOL DISTRICT GOVERNING
20 BOARD AT THE TIME THAT THE OVEREXPENDITURE WAS COMMITTED OR ATTEMPTED:

21 THIS MEMBER OF THE _____ SCHOOL DISTRICT GOVERNING
22 BOARD PARTICIPATED IN DECISIONS THAT ALLOWED THE SCHOOL DISTRICT
23 TO OVERSPEND ITS BUDGET DURING FISCAL YEAR _____ AS DETERMINED
24 BY THE STATE BOARD OF EDUCATION.

25 Sec. 7. Section 23-355, Arizona Revised Statutes, is amended to read:
26 23-355. Action by employee to recover wages; amount of recovery

27 A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, if an employer,
28 in violation of ~~the provisions of~~ this chapter, ~~shall fail~~ FAILS to pay wages
29 due any employee, ~~such~~ THE employee may recover in a civil action against an
30 employer or former employer an amount ~~which~~ THAT is treble the amount of the
31 unpaid wages.

32 B. THIS SECTION DOES NOT AUTHORIZE A COUNTY SCHOOL SUPERINTENDENT TO
33 ISSUE A WARRANT IN VIOLATION OF SECTION 15-304 OR IN VIOLATION OF ANY OTHER
34 PROVISION OF LAW.

35 Sec. 8. Repeal

36 A. Laws 2005, chapter 274, section 2, as amended by Laws 2007, chapter
37 234, section 2, is repealed.

38 B. Laws 2005, chapter 274, section 3, as amended by Laws 2007, chapter
39 234, section 3, is repealed.

40 Sec. 9. Laws 2007, chapter 234, section 5 is amended to read:

41 Sec. 5. Errors in school district budget calculation;
42 correction

43 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised
44 Statutes, a school district that miscalculated its fiscal year 2004-2005
45 budget shall be required to correct the error over a five-year period

1 beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if
2 each of the following conditions exist:

3 1. The school district provides evidence to the superintendent of
4 public instruction that the school district's budget for the current year is
5 properly calculated and will not result in any overexpenditures.

6 2. The total amount of the correction from the maintenance and
7 operations fund that would otherwise be required under section 15-915,
8 Arizona Revised Statutes, is more than two hundred twenty thousand dollars
9 but less than two hundred forty thousand dollars.

10 3. The total amount of the correction from the unrestricted capital
11 outlay fund that would otherwise be required under section 15-915, Arizona
12 Revised Statutes, is more than three thousand dollars but less than five
13 thousand dollars.

14 4. The average daily membership of the school district in fiscal year
15 2004-2005 was more than eight hundred eighty but less than nine hundred
16 forty.

17 B. Notwithstanding sections 15-905 and 15-915, Arizona Revised
18 Statutes, a school district that miscalculated its budgets during fiscal year
19 2005-2006 shall correct the error over a six-year period beginning in fiscal
20 year 2007-2008 and ending in fiscal year 2012-2013 if both of the following
21 conditions exist:

22 1. The department of education erroneously doubled the amount that
23 should have been calculated pursuant to section 15-905, subsection 0, Arizona
24 Revised Statutes, and that erroneous action resulted in an overstated general
25 budget limit.

26 2. The total amount of the correction that would otherwise be required
27 under this section is more than four hundred thousand dollars but less than
28 one million two hundred thousand dollars.

29 C. Notwithstanding sections 15-905 and 15-915, Arizona Revised
30 Statutes, a school district that miscalculated its budgets during fiscal year
31 2005-2006 shall be required to correct the error over a five-year period
32 beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if
33 each of the following conditions exist:

34 1. The school district reported a total attending average daily
35 membership count of more than one thousand one hundred pupils and less than
36 one thousand two hundred pupils for the 2005-2006 school year in the annual
37 report of the superintendent of public instruction for fiscal year 2005-2006.

38 2. The total amount of the correction that would otherwise be required
39 under section 15-915, Arizona Revised Statutes, is more than four hundred
40 thousand dollars but less than four hundred fifty thousand dollars.

41 D. Notwithstanding sections 15-905 and 15-915, Arizona Revised
42 Statutes, a school district that overexpended its budgets during fiscal years
43 2003-2004, 2004-2005 and 2005-2006 is required to correct these
44 overexpenditures plus any overexpenditures for fiscal year 2006-2007 over a
45 ~~five-year~~ SIX-YEAR period in ~~equal~~ installments beginning in fiscal year

1 ~~2007-2008~~ 2010-2011 and ending in fiscal year ~~2011-2012~~ 2015-2016 if each of
2 the following conditions exist:

3 1. The total amount of the corrections for fiscal years 2003-2004,
4 2004-2005, ~~AND~~ 2005-2006 that would otherwise be required under section
5 15-915, Arizona Revised Statutes, is more than three million dollars but less
6 than three million four hundred thousand dollars.

7 2. The school district did not receive state aid for equalization
8 assistance for education during fiscal year 2005-2006 or fiscal year
9 2006-2007.

10 3. The school district's student count calculated pursuant to section
11 15-902, Arizona Revised Statutes, during fiscal year 2005-2006 is more than
12 eight hundred but less than nine hundred twenty.

13 E. In addition to the monies required to be repaid pursuant to
14 subsections A, B, C and D of this section, accrued interest is required to be
15 paid at a rate determined by the superintendent of public instruction.

16 Sec. 10. Laws 2007, chapter 238, section 1 is amended to read:

17 Section 1. School district budget overexpenditures; correction;
18 interest

19 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised
20 Statutes, a school district that overexpended its budget during fiscal years
21 2004-2005 and 2005-2006 shall be required to correct these overexpenditures
22 plus any overexpenditures for fiscal year 2006-2007 over a ~~five-year~~ SIX-YEAR
23 period beginning in fiscal year ~~2007-2008~~ 2010-2011 and ending in fiscal year
24 ~~2011-2012~~ 2015-2016 if all of the following conditions exist:

25 1. The school district is an elementary school district that is
26 located in a county with a population that exceeds one million five hundred
27 thousand persons.

28 2. The school district's student count for the 2006-2007 school year
29 was more than one thousand three hundred pupils and less than one thousand
30 eight hundred pupils.

31 3. The total amount of the correction that would otherwise be required
32 under section 15-915, Arizona Revised Statutes, for fiscal year 2004-2005 is
33 more than six thousand dollars but less than ten thousand dollars.

34 4. The total amount of the correction that would otherwise be required
35 under section 15-915, Arizona Revised Statutes, for fiscal year 2005-2006 is
36 more than seven hundred thousand dollars but less than one million one
37 hundred thousand dollars.

38 B. In addition to monies required to be repaid pursuant to subsection
39 A of this section, accrued interest is required to be paid at a rate
40 determined by the superintendent of public instruction.

41 Sec. 11. Optional incentives for school districts previously
42 placed in receivership; unification and
43 consolidation assistance

44 A. Notwithstanding sections 15-448 and 15-459, Arizona Revised
45 Statutes, a school district that was placed into receivership by the state

1 board of education before December 31, 2007 may conduct an election in May or
2 June of 2008 to submit to the qualified electors the question of unification
3 of the school district with another school district with coterminous or
4 overlapping boundaries or the question of consolidation of the school
5 district with another school district with coterminous or overlapping
6 boundaries.

7 B. A school district that was placed into receivership by the state
8 board of education before December 31, 2007 and that schedules an election to
9 be conducted in May or June of 2008 to submit to the qualified electors the
10 question of unification or consolidation of the school district with another
11 school district with coterminous or overlapping boundaries may use the
12 following optional incentives if the unification or consolidation is approved
13 by the qualified electors:

14 1. The accumulation of overexpenditures by the school district shall
15 be delayed until July 1, 2013 and the school district is required to correct
16 these overexpenditures plus any unpaid interest over a ten year period
17 beginning in fiscal year 2013-2014 and ending in fiscal year 2023-2024.

18 2. Notwithstanding section 15-912, Arizona Revised Statutes, a school
19 district that consolidated pursuant to this section may increase the revenue
20 control limit and the district support level based on the secondary assessed
21 valuation for the first three years of operation by an amount determined as
22 follows:

23 (a) In the first year for which a budget is computed, ten per cent of
24 the revenue control limit.

25 (b) In the second year for which a budget is computed, seven per cent
26 of the revenue control limit.

27 (c) In the third year for which a budget is computed, four per cent of
28 the revenue control limit.

29 (d) A school district that budgets for consolidation assistance
30 pursuant to this section may not budget for unification assistance pursuant
31 to section 15-912.01, Arizona Revised Statutes, during the three year period
32 for which the consolidation assistance is in effect plus an additional two
33 years immediately thereafter.

34 3. Notwithstanding section 15-912.01, Arizona Revised Statutes, a
35 school district that unified pursuant to this section may increase the
36 revenue control limit and the district support level based on the secondary
37 assessed valuation for the first three years of operation by an amount
38 determined as follows:

39 (a) In the first year for which a budget is computed, ten per cent of
40 the revenue control limit.

41 (b) In the second year for which a budget is computed, seven per cent
42 of the revenue control limit.

43 (c) In the third year for which a budget is computed, four per cent of
44 the revenue control limit.

1 (d) A school district that budgets for unification assistance pursuant
2 to this section may not budget for consolidation assistance pursuant to
3 section 15-912, Arizona Revised Statutes, during the three year period for
4 which the unification assistance is in effect plus an additional two years
5 immediately thereafter.

6 4. If a common school district unifies or consolidates pursuant to
7 this section, any high school pupils that reside within the former boundaries
8 of the common school district may enroll in any school district that provides
9 instruction to high school pupils for the next four academic years after the
10 election at which the qualified electors approved the unification or
11 consolidation if the school district of attendance allows enrollment of
12 nonresident pupils.

13 Sec. 12. School district budget overexpenditures; correction;
14 interest

15 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised
16 Statutes, a school district that overexpended its budget during fiscal year
17 2006-2007 shall be required to correct these overexpenditures plus any
18 overexpenditures for fiscal years 2007-2008 and 2008-2009 over a six-year
19 period beginning in fiscal year 2009-2010 and ending in fiscal year 2014-2015
20 if all of the following conditions exist:

21 1. The school district is a unified school district that is partially
22 located on an Indian reservation.

23 2. The school district's average daily membership for the 2006-2007
24 school year was less than three hundred fifty pupils.

25 3. The total amount of the correction that would otherwise be required
26 under section 15-915, Arizona Revised Statutes, for fiscal year 2006-2007 is
27 more than one million two hundred thousand dollars but less than one million
28 eight hundred thousand dollars.

29 B. In addition to monies required to be repaid pursuant to subsection
30 A of this section, accrued interest is required to be paid at a rate
31 determined by the superintendent of public instruction.

32 Sec. 13. Intent

33 By enacting section 11 of this act, relating to optional incentives for
34 school districts previously placed in receivership, the legislature intends
35 the following:

36 1. That the assistance provided in the form of optional incentives,
37 including unification assistance and consolidation assistance, is to preserve
38 and enhance the academic opportunities and to provide for a successful school
39 system.

40 2. That the assistance provided in the form of optional incentives,
41 including unification assistance and consolidation assistance, is temporary
42 to ensure that those school districts that were placed into receivership
43 return to their core mission of providing pupils in this state with a high
44 quality education.

1 3. That education of children in this state not be jeopardized by poor
2 budgetary decisions.

3 4. That any impact to the career ladder program authorized by title
4 15, chapter 9, article 1.1, Arizona Revised Statutes, as a result of
5 unification or consolidation pursuant to section 11 of this act not be
6 construed as an expansion of the career ladder program or an appropriation of
7 additional monies for additional school districts for the career ladder
8 program.

9 Sec. 14. Emergency

10 This act is an emergency measure that is necessary to preserve the
11 public peace, health or safety and is operative immediately as provided by
12 law.